LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6993 | **NOTE PREPARED:** Jan 25, 2013
BILL NUMBER: SB 324 | **BILL AMENDED:** Jan 24, 2013

SUBJECT: State Employee Death Benefit.

FIRST AUTHOR: Sen. Miller Pete | **BILL STATUS:** 2nd Reading - 1st House
FIRST SPONSOR:

FUNDS AFFECTED:
  GENERAL
X **DEDICATED**
  FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill increases from $50,000 to $100,000 the death benefit for a state employee who dies in the line of duty.

The bill also adds stepchildren to the survivors entitled to receive a death benefit for a state employee who dies of the line of duty. The bill requires that the children and stepchildren receiving a death benefit be dependent on the state employee who died in the line of duty. The bill provides that a child or stepchild is dependent on a state employee if the state employee claimed the child or stepchild as a dependent on the federal income tax return filed by the state employee in the year before the year in which the state employee died.

Effective Date: July 1, 2013.

Explanation of State Expenditures: (Revised) From FY 2003 through FY 2012, ten lump sum death benefit payments have been made from the State Employees' Death Benefit fund to survivors of state employees who died in the line of duty. This totals $500,000 over ten years, or $50,000 in benefits payable per year. Increasing the survivor benefit payment from $50,000 to $100,000 is estimated to cost the fund approximately $50,000 in additional benefit payments each year based on recent history.

The Indiana Public Retirement System (INPRS) oversees the fund on behalf of the state and utilizes a program of self-insurance to pay benefits out of the fund. Between October 1993 and November 1999, the state assessed state agencies 0.1% of gross pay to fund this program. Due to the current size of the fund ($7.7 M) and the infrequency of payment to survivors, collection of the assessment has not been considered necessary since that time. Assuming that the number of payments out of the fund remain consistent, it will most likely not be necessary for INPRS to reinstitute the employer assessment for the foreseeable future. Between FY 2011 and FY 2012, the fund increased by $336,000, or 4.6%, in value, due to investment income.

The bill allows stepchildren to receive the death benefit, along with children of the employee, so long as any child or stepchild of the employee who receives a share of the benefit was considered a dependent of the employee for purposes of federal income taxes in the preceding year. The bill still maintains that a surviving spouse receives the death benefit, and that children and/or stepchildren receive the benefit in equal shares only if there is no surviving spouse. This provision will not result in any additional cost for INPRS.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All; INPRS.

Local Agencies Affected:

Information Sources: Greg Witter, INPRS, gwitter@inprs.in.gov; *INPRS 2012 Comprehensive Annual Financial Report.*

Fiscal Analyst: Stephanie Wells, 232-9866